Retail Accrual Program Fair Trade

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Source: https://www.industrydocuments.ucsf.edu/docs/nlwn0000

FAIR TRADE STATES

As a large number of RJR Field Operating Units conduct business in "Fair Trade" states, it is critical that Field Sales stay current with Fair Trade state laws and business practices. Fair Trade laws vary by state in their composition and patterns of practice. State laws must always be considered during the planning stages of any Retail Accrual promotion (excluding Partner Promotions), as penalties are generally very stiff for non-compliance. Fair Trade Minimum Selling Prices are published by the states in many circumstances. With Retail Accrual contracts that include the retailer's own funds (Retailer Match), it is paramount that Field Sales personnel fully under-stand the laws applying to their marketplace so as not to compromise RJR or the participating retailer from the perspective of legality.

If questions should arise involving Fair Trade state law, contact your Regional Business Manager prior to implementation at retail. The Tax department and/or Law department in Winston-Salem are equipped to handle questions from the RBM group that may pertain to legal issues.

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FAIR TRADE

RETAIL SWEEPSTAKES

Retail Accrual provides flexibility to both RJR and participating retailers in developing successful Full Price promotions. In that many people have expressed interest in promotions involving Retail Sweepstakes, the following information is supplied describing the "Official Rules" that must be carefully adhered to when executing this type of promotion:

I. Legal Restrictions

It is vital that official rules are carefully followed (some are mandated by state statute). Official rules are:

1. No purchase necessary for entry into sweepstakes drawing.
2. To be eligible to win, entry form must show contestant's name, address and phone number. All questions on the front of entry form must be answered and entry form must be signed.
3. All entries become the property of sponsor.
4. No copies or facsimiles of entry form accepted.
5. Void where prohibited by law.
6. Participant must be a smoker 21 years of age or older and a resident of the United States.
7. Taxes are the responsibility of the prize winner.
8. Entries will be accepted from (OPENING DATE) through (CLOSING DATE).
9. Drawing for price of ( ) will be held (DATE). Winning entrant will be notified by mail and may be required to sign an affidavit of eligibility. If the winning entrant does not claim the prize within 14 days of notification, another drawing will be held to determine a new winner.
10. The winning entrant need not be present to win.
11. Odds of winning depend on the number of entries received.
12. Do not use name generation cards as entry forms.
13. The following prizes will be awarded. First Prize of _____valued at _____, etc. Total value of all prizes is _____.
14. For a list of prize winners, send a self-addressed, stamped envelope to (address).

In addition:

- Federal, state and/or local restrictions which prohibit the use of any part of the product and/or packaging (including promotional packaging that the product is packed in or that is adhered to the pack) for use as entry into a sweepstakes.
- No purchase necessary requirement.
- Bonding and registration requirement for prizes with value in excess of $500 (value/requirement varies by state).
- Use of games of chance to promote cigarettes is prohibited in MA, MI and VA (at retail). Restrictive legislation in Kansas prohibits certain types of sweepstakes (our legal department will need to give such promotions in that state special scrutiny).
- Posting of sweepstakes rules.

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II. Learning/Best Practices

In response to the interest in sweepstakes, we felt it appropriate to share learning to date.

1. It is very difficult to tie actual volume to retail sweepstakes.

   The one possible exception is the option of utilizing the cash register receipt as form of entry.

2. Retail sweepstakes can be an effective way of obtaining retail presence and excitement at a relatively low cost (i.e., supply retailer with a $25 - $100 value item from our Continuity Programs) for them to use as door prize and/or sweepstakes which they implement per terms of their state/local guidelines, if retailer agrees to:

   - Prominently display the prize.
   - Maintain on display for several weeks.
   - Allows RJR to achieve dominant POS exposure during same period.
   - Runs store special price in association with, etc.

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II. Assistance

In order to provide the assistance and legal concurrence needed to ensure a successful sweepstakes promotion, all sweepstakes promotions must be forwarded through proper Field levels of management for approval by your Sales Area Manager of Operations. Your Manager of Operations will serve as your contact with Winston-Salem regarding any assistance that may be needed with legal, business, resource or other issues. It is necessary to follow this process in order to help ensure that all legal requirements are met.

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